RAJYA SABHA

Monday, the 7th March 1994/16th Phalguna 10, 1915 (Saka).

The House met at eleven of the Clock.

Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Export of Sugar

*161. SHRI P. UPENDRA : Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that large quantities of sugar were being exported to Sri Lanka and other countries ;

(b) whether it is also a fact that the quota for export of sugar during 1994-95 has been prescribed ; and

(c) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED) : (a) Yes, Sir.

(b) and (c) In view of decline in domestic production of sugar, Government is not considering any free export of domestic sugar during 1994-95, except against the limited preferential quota to USA and EEC and a limited quantity to Nepal. Sugar exports, however, are allowed under the Advance Licence Scheme against import of raw sugar, which is processed into white sugar for re-export.

SHRI P. UPENDRA : Sir, I can understand the anxiety of the Minister when he has to strike a balance between domestic consumption, the requirements of the public distribution system and exports. But I would like to point out to him that in the long run India would suffer in the export field if we cease to be a dependable supplier and if our exports are erratic. I do not find any long term policy. Every year *ad-hoc* decisions are taken and exporters, as well as importers do not know what policy would be adopted in the coming year. In 1994-95, it was said that they would not allow export of sugar. For example, Sri Lanka was importing nearly 1/3rd of our sugar. Now gradually, the exports to Sri Lanka are coming down. There is also a demand for sugar from other countries. But we are not able to meet that requirement. Farmers are ready to produce more sugar cane. There is no long-term policy regarding the support prices for sugar cane also. Will the Minister explain what the long term objective of the export policy is ? If he is allowing import of raw sugar to be processed into white sugar and re-export it, why can't he give liberal licences for import of raw sugar so that our export commitments are maintained ?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : Sir, what the hon. Member has said is true. We cannot have a switch-on and switch-off policy in the case of exports and if we have it, the market which we create will be lost. Unfortunately, what happened this year is that, because of shortfall in production, it was suggested that we meet our minimum export obligation as member of the International Sugar Agreement. For that, 40,000 tonnes have been kept aside. We are also trying to explore the possibility of importing raw sugar, getting it processed and thereafter export it. In fact, we have received applications for import of raw sugar to the extent of 54,000 tonnes. Licence for one has already been issued and two are in the process. We would like to explore that possibility. Unfortunately, as per some assessment, this year, the import requirement would be to the extent of almost 28 million tonnes all over the world. Production in some parts, in Brazil and Thailand, has also gone down and as per some information available to us, China instead of being a net exporter, may import sugar. That is why the pressure on imported sugar in the international market is a bit high.

SHRI P. UPENDRA : Connected to this question—the question mainly relates to export to Sri Lanka—there is one problem which I would like to bring to the Minister's

notice. At the height of LTTE activities in Tamil Nadu, the Reserve Bank had put restrictions on importers from India opening offices here. As a result a number of importers from India, who are in Sri Lanka are suffering a lot because they are not able to open liaison offices in the country.

And the Reserve Bank lately said that they have referred this aspect, that is, relaxation of this rule, to the Government of India, so that these firms, can be allowed if they don't create fixed assets in this country and if they run their offices in rented premises. Will the Commerce Ministry take up the matter with the Finance Minister and see to it that permission is given to such importers for opening offices in our country and thus facilitate more exports from this country ?

SHRI PRANAB MUKHERJEE : Sir, I shall look into it and we shall try to do whatever is possible.

SHRI SHIV PRATAP MISHRA : Mr. Chairman, Sir, during the periods 1990-91 and 1991-92, the export of sugar from India amounted to Rs. 37.57 crores and Rs. 157.25 crores respectively. During the same period the sugar was also imported to the tune of Rs. 9.29 crores and Rs. 0.83 crores respectively. I would like to know from the hon. Minister of Commerce as to how much sugar was exported to Sri Lanka; under what circumstances sugar was imported under the periods 1990-91 and 1991-92 and from which country the sugar was imported. I would also like to know whether the Government is considering importing sugar during the remaining period of the current Five Year Plan or it has decided to import sugar in the current year only.

SHRI PRANAB MUKHERJEE : Sir, so far as export is concerned, we exported the largest quantum of sugar in 1991-92, that is about 5.07 lakh tonnes and the value amounted to Rs. 364 crores. During 1992-93, is was 3.76 lakh tonnes and during 1993-94, that is, up to January, it was 3.11 lakh tonnes. So far as import is concerned, we had imported sugar mainly from Brazil, the U.S.A., France, Italy and South Korea, and sometimes from Cuba. A small quantum was imported from the Phillipines also and some quantum was imported, for example, in 1986-87 from Mauritius. And there is no inconsistency of imports and exports of same Commodity because we shall have to export some quantity of it in order to make our presence felt in the international market, being a Member of the International Sugar Agreement. Otherwise, we will be taken out of that agreement. And when there is shortage on account of shortfall in production, to meet this shortage, we shall have to import. So, apparently, it may appear contradictory, but there is no contradiction.

SHRI K. R. MALKANI : Mr. Chairman, Sir, we find that the Government imports something and, after a short while it also exports the same item. What the great idea behind this ? What purpose does it serve ? Are we just trying to help the importers, exporters, shippers and insurers ?

SHRI PRANAB MUKHERJEE : Sir, I have been explaining this idea for quite some time. It is difficult to create an international market, but once you create an international market, you shall have to make your presence felt in it. But it may sometimes happen that the same commodity may be in short supply. So, on the one hand, in order to make our presence felt we shall have to export so that we can establish that we are a sustainable supplier, and at the same time, to meet the local shortage, we have to import it as well. That is the rationale.

SHRIMATI CHANDRIKA ABHINANDAN JAIN : Sir, in reply to part (b) and (c) of the question, it has been stated that the exports of sugar will be permissible to a very limited extent, that is, against the limited preferential quota to the U.S.A. and the EEC and a limited quantity to Nepal. Sir, at present, India, has a preferential quota of 20,000 tonnes only which includes 11,000 tonnes to the U.K. and 9,000 tonnes to the U.S. market. This is against the total export of a little above 4 lakh tonnes of sugar which India is exporting in the free sale market. Sir, we are discussing the text of the Dunkel proposal and we are about

to finalise the Dunkel proposal. There is a demand for a higher preferential quota to these countries for the export of sugar. When we negotiate the Dunkel proposals with the various countries, will the Government take up this matter of having a higher preferential quota of our exports of sugar ?

SHRI PRANAB MUKHERJEE : So far as the USA is concerned, it has varied. Under the US Preferential Quota, we reached the highest figure in the year 1989-90 when it was 19,585 metric tonnes. Presently, it is 10,000 metric tonnes. Sometimes it has gone down to 7,231 metric tonnes also. But we would definitely like to demand a higher preferential quota. But, in sugar, we shall have to be a bit cautious because the hon. Member may appreciate that the consumption of sugar has increased substantially during the last decade, particularly from 1980-81 to 1990-91, and the production has also increased substantially. Earlier we used to produce 70—85 lakh tonnes. It was the same even in the late 'seventies and early eighties. In the late eighties and early nineties, production went even up to 1.26 crore tonnes. Consumption was also very high. It is now 10—12 lakh tonnes per month. Therefore, keeping this in view, we shall have to take a cautious approach in respect of sugar export. But I think there is an immense potentiality for larger production. My colleague in the Agriculture Ministry is also taking certain steps so that the production of sugar can be augmented.

SHRI MENTAY PADMANABHAM : Sir, in the answer given by the hon. Minister, he has said, "in view of the decline in the domestic production of sugar". This is what he has said. Now, he is saying that production of sugar has increased during the last decade. Whatever it is, I consider that what he said in the written answer as correct: There is a decline in the domestic production of sugar. But what exactly are the reasons for the decline in the domestic production of sugar ? To my mind, the State Governments and the Central Government are not doing anything and are not giving any incentives to the sugar farmers. This is the first reason. The second reason is that the sugar licensing scheme is also defective in the sense that the Central Government has retained all the powers for issuance of licences to open new sugar factories. Basically, 'sugarcane' is a state subject because the States are in a better position to monitor the crop patterns of sugarcane. Therefore, I would like to know from the hon. Minister whether he is going to effect any policy changes in the licensing of sugar factories. I would also like to know whether he is, in consultation with the State Governments, going to formulate a comprehensive scheme for augmenting the production of sugar in the various States.

SHRI PRANAB MUKHERJEE : Sir, the fact is that this year, I mean the current sugar year, the production of sugar targeted is 1.04 crore tonnes. At one point of time, we reached a production level of 1.26 crore tonnes. Naturally it has come down. But if you compare this 1.04 crore tonnes with the earlier production figure of the seventies, it is more and there is no inconsistency in it. So far as incentives to farmers are concerned, the hon. Member would appreciate that only recently the minimum support prices and the State administered prices have been announced by some of the sugar-producing States and they are reasonably high. Therefore, there is no lack of incentive to the farmers. In regard to the measures taken to augment the production, I have already stated that the Agriculture Ministry is coming out with a proposal. One of the reasons why the sugar production has come down this year is that there is a substantial diversion of sugarcane to gur and khandsari industries from the normal crushing mills. The State Governments are taking appropriate steps to prevent that type of diversion.

SHRI MENTAY PADMANABHAM : Sir, he has not answered about licensing.

SHRI PRANAB MUKHERJEE : Sir, in respect of licensing, he has to address the question to the Agriculture Ministry.